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## Business in Nebraska #290 - November 1968

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## Business in Nebraska

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PREPARED BY THE BUREAU OF BUSINESS RESEARCH, COLLEGE OF BUSINESS ADMINISTRATION

### ROLE OF HOMEGROWN INDUSTRIES IN THE NEBRASKA ECONOMY

Because the exodus from farm to city is continuing in Nebraska, it is necessary that industrial development be accelerated to provide employment for displaced agricultural workers who will have to migrate to other states unless suitable work can be provided for them here. From time to time *Business in Nebraska* has called attention to the state's homegrown industries that provide employment opportunities for significant numbers of workers. These articles have invariably elicited much interest and evoked requests for other success stories about innovative Nebraska enterprises.

There is no dearth of material for articles of this kind because much of the state's historical growth, as well as the success of its recently aggressive industrial development program, is due to men and women who have demonstrated their faith in the future of Nebraska by investing their creative energies, their capital, and their capacity for hard work in the origination of new industries to meet ever-changing product needs.

This article describes additional representative Nebraska industries which exhibit diversity of products, varied types of structural organization, and a wide range of years in operation, but which have one common denominator - each makes an important contribution to the economy of the community in which it is located and to the state as a whole.

If any homegrown Nebraska industry could be labeled "typical," it probably would be an enterprise which started out as a one-man or a family business. Sometimes the firm continues through the years on much the same organizational basis as when it was originated, sometimes the one-man business becomes a partnership or a corporation, and much less frequently it develops into an employee-owned company.

#### An Employee-Owned Manufacturing Company

Two of the many homegrown industries credited with helping Grand Island achieve the distinction of being named an "All-American City of 1968" have been selected for mention because each typifies in significant ways a quite different category of Nebraska industry.

Big Chief of Nebraska, Inc., which has approximately 175 employees, with more during rush periods, is an employee-owned manufacturing company, in which over 85 percent of the stock belongs to the workers. Virgil R. Eihusen, who established the company, believes in hiring ambitious people and in letting the employees prosper as the company prospers. To the old precepts of hard work and honest dealings as keys to success, he would add efficient production and sound business management. The practice of these precepts may account for Mr. Eihusen having been named Nebraska's "Small Businessman of the Year" in May, 1968, by the Small Business Administration of the Federal government.

When Mr. Eihusen started a general construction company in Grand Island in 1952, he had only one employee, who did miscellaneous construction and carpenter work. In the next few years the Eihusen Construction Company erected many fine homes and commercial buildings in the Grand Island area. Then the company began selling metal buildings and specializing in the erection of grain bins for farm customers. The business had been operated out of the Eihusen home until 1959, when it was decided to incorporate under the name Big Chief of Nebraska, Inc. and to purchase land west of Grand Island, where an office building was erected.

Within a short time it was discovered that there was widespread need for a grain bin specifically designed to be used for grain drying. With the help of the Small Business Administration and the Grand Island Industrial Foundation, the firm was able to meet this special need. Since then the company has continued to expand manufacturing lines to meet changing needs. In 1966 production of a pre-engineered building suitable for commercial, industrial, and farm use was begun, to cite one example. The company's founder attributes much of its success to this steady development of new products designed to fit ever-shifting requirements of its customers and to constant efforts to improve the original products to keep them upgraded in line with advancing technology.

Three major expansion projects undertaken in recent months have included: addition of 30,000 square feet to the manufacturing plant in which pre-engineered metal buildings are produced; extension by 13,000 square feet of the grain bin plant, necessitated by customer acceptance of a newly designed bin; and erection of an assembly plant at Fort Dodge, Iowa, to provide faster service for dealers in Minnesota, Iowa, Illinois, and Wisconsin, thus better to serve the eastern corn belt area. The company has more than 800 dealers in this country and Canada and does a small amount of business in other foreign countries, with indications that the export business may be expected to grow.

#### Industry Stimulates New Crop Production

When, with the help of only three employees, Bill Peterson of Grand Island began a new industry making fresh frozen onion rings by hand in August, 1962, he launched a business that has grown from a sales volume of \$101,000 in the first year to a \$2,000,000 business last year, and which is still growing.

Proof that a dynamic industry provides increased employment may be found in the fact that Peterson's Delicious Foods Company now employs 150 full-time workers plus 10 part-time employees.

Undeterred by a disastrous fire not long after the firm began operations, Mr. Peterson and his general manager, Pete Kyros, found a temporary location in

(Continued on page 4)

# Business Summary

Nebraska's retail sales are up 3.7% for the state as a whole for September, 1968, in relation to September, 1967. Hard goods increased 5.5%; soft goods, 1.7%. The September, 1968, state total is, however, down 4.2% from August, 1968. Although the September, 1968, state total is up from September, 1967, only ten of the twenty-two reporting cities showed increases over a year ago. Changes of retail sales reported for these twenty-two cities vary from a +12.7% for Fairbury, to a -17.3% for South Sioux City. Both physical volume and dollar volume indexes in Nebraska indicate that the August, 1968, level of business activity was above that of August, 1967. Also, for the U.S. both indexes increased over the same period, although slightly less than Nebraska's. From July, 1968, to August, 1968, Nebraska's dollar volume (+0.9%) and physical volume (+2.3%) both increased while the U.S. dollar volume declined slightly (-0.6%) and physical volume showed no change. For Nebraska, all twelve August, 1968, business indicators are at levels well above those of the same month a year ago. U.S. indicators remained nearer to year-ago levels with the largest change reported in electricity, which rose 12%.

All figures on this page are adjusted for seasonal changes, which means that the month-to-month ratios are relative to the normal or expected changes. Figures in Table I (except the first line) are adjusted where appropriate for price changes. Gasoline sales for Nebraska are for road use only; for the United States they are production in the previous month. R. L. BUSBOOM

## I. NEBRASKA and the UNITED STATES

## II. PHYSICAL VOLUME OF BUSINESS Percentage of 1948 Average

AUG	Percent of 1948 Average		Percent of Same Month a Year Ago		Percent of Preceding Month	
	Nebraska U.S.		Nebraska U.S.		Nebraska U.S.	
	Nebraska	U.S.	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume of Business	316.7	365.7	109.5	107.9	100.9	99.4
Physical Volume of Business	216.7	230.7	106.6	105.1	102.3	100.0
Bank debits (checks, etc.)	250.4	372.1	105.4	110.6	94.0	100.1
Construction activity	255.3	169.2	106.9	95.3	105.5	101.0
Retail sales	155.9	191.6	103.0	105.1	104.9	99.9
Life insurance sales	379.7	456.7	108.1	99.8	100.3	95.9
Cash farm marketings	214.4	167.9	107.1	94.7	101.0	99.3
Electricity produced	455.9	479.7	124.5	112.1	105.7	101.3
Newspaper advertising	164.3	147.6	101.7	103.0	97.0	101.5
Manufacturing employment	167.2	129.0	104.2	102.1	101.5	99.7
Other employment	140.7	167.2	101.2	103.7	99.9	100.5
Gasoline sales	246.0	229.2	101.0	110.9	122.8	103.6

Month	Nebraska	U.S.
	1967-68	1967-68
August	203.2	219.5
September	202.8	216.5
October	203.0	216.8
November	190.8	219.1
December	199.3	218.6
January	210.0	224.4
February	214.5	228.5
March	197.6	225.6
April	201.1	225.7
May	204.0	227.4
June	212.8	228.1
July	211.8	230.8
August	216.7	230.7

III. RETAIL SALES for Selected Cities. Total, Hard Goods, and Soft Goods Stores. Hard Goods include automobile, building material, furniture, hardware, equipment. Soft Goods include food, gasoline, department, clothing, and miscellaneous stores.

SEP	No. of Reports*	Percent of Same Month a Year Ago			Percent of Preceding Month	SEP	No. of Reports*	Percent of Same Month a Year Ago			Percent of Preceding Month
		Total	Hard Goods	Soft Goods				Total	Hard Goods	Soft Goods	
THE STATE	804	103.7	105.5	101.7	95.8	Fremont	30	98.5	96.6	100.2	99.2
Omaha	85	109.6	108.5	110.5	101.0	Fairbury	26	112.7	129.3	95.1	114.0
Lincoln	73	106.5	101.7	110.5	102.4	Norfolk	32	92.8	85.7	99.1	86.0
Grand Island	31	108.0	123.0	94.4	89.5	Scottsbluff	36	91.0	97.5	85.5	83.4
Hastings	29	109.2	128.7	92.6	89.6	Columbus	28	101.8	107.2	97.1	102.8
North Platte	20	91.9	81.4	99.2	91.2	McCook	15	102.7	107.2	97.8	83.3
						York	26	96.0	108.7	87.8	94.2

## IV. RETAIL SALES, Other Cities and Rural Counties

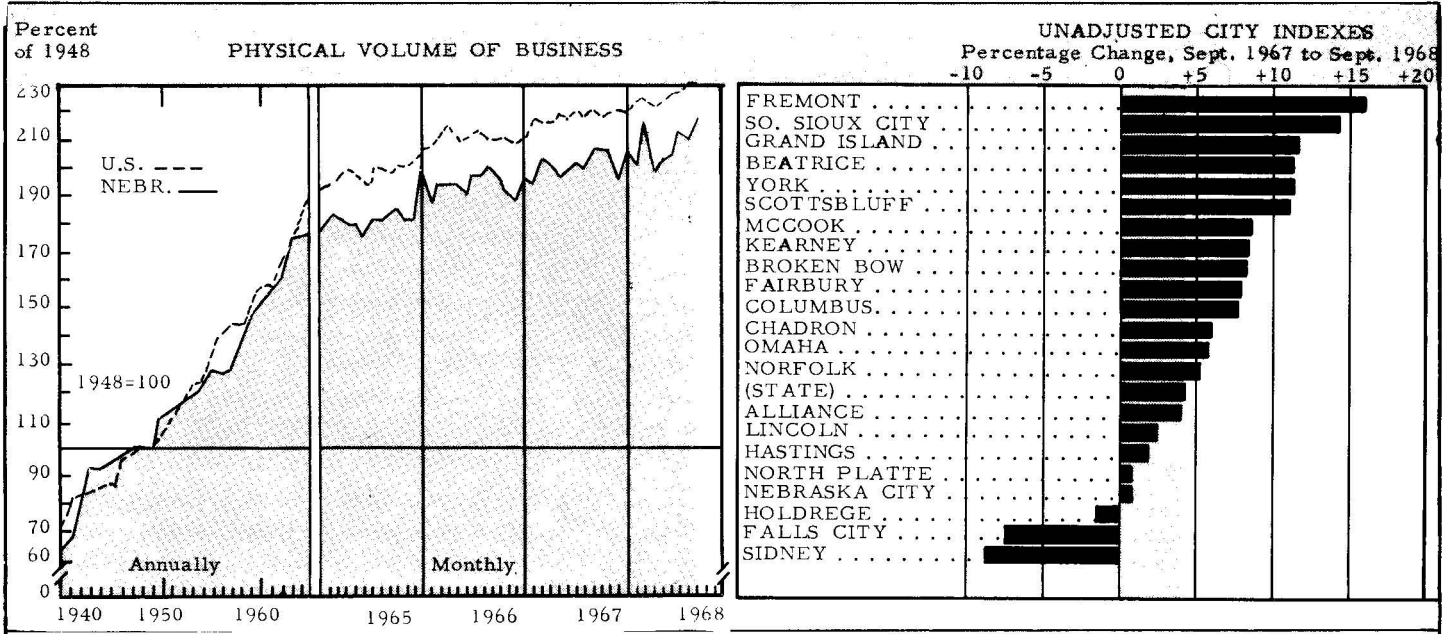
## V. RETAIL SALES, by Subgroups, for the State and Major Divisions

SEP	No. of Reports*	Percent of Same Month A Year Ago	Percent of Preceding Month
Locality			
Kearney	17	106.0	91.5
Alliance	29	99.8	90.9
Nebraska City	21	96.8	98.3
Broken Bow	14	93.7	88.7
Falls City	18	93.0	104.2
Holdrege	17	88.9	92.0
Chadron	20	104.4	86.7
Beatrice	18	91.7	84.6
Sidney	25	101.2	89.2
So. Sioux City	11	82.7	91.3
Antelope	10	109.2	89.5
Cass	22	92.0	100.9
Cuming	12	95.1	99.3
Sand Hills**	24	99.4	90.8
Dodge***	11	112.1	98.6
Franklin	10	89.7	81.8
Holt	14	107.7	111.9
Saunders	15	125.8	91.7
Thayer	8	87.3	84.1
Misc. Counties	57	100.4	91.5

SEP	Type of Store	Percent of Same Month a Year Ago			
		Nebraska	Omaha and Lincoln	Other Cities	Rural Counties
	ALL STORES****	103.7	105.4	97.7	107.8
	Selected Services	98.9	102.1	110.0	84.5
	Food stores	103.1	109.8	96.2	103.4
	Groceries and meats	105.7	114.2	96.9	106.0
	Eating and drinking pl.	94.3	100.8	92.4	89.7
	Dairies and other foods	114.1	110.7	103.1	128.5
	Equipment	106.5	93.6	101.4	124.5
	Building material	107.3	113.8	99.5	108.6
	Hardware dealers	94.7	87.9	108.0	88.1
	Farm equipment	93.5	35.5	93.1	152.0
	Home equipment	106.5	105.2	104.2	110.0
	Automotive stores	102.9	106.1	104.3	98.4
	Automotive dealers	104.2	104.5	105.3	102.8
	Service stations	102.1	112.4	100.1	93.9
	Miscellaneous stores	100.1	104.1	94.5	101.8
	General merchandise	99.5	105.8	94.4	98.3
	Variety stores	87.4	81.3	87.3	93.6
	Apparel stores	110.4	111.4	95.4	124.5
	Luxury goods stores	95.6	98.0	107.9	80.9
	Drug stores	98.0	104.3	95.3	94.3
	Other stores	100.7	113.0	86.0	103.2

\*\*Hooker, Grant, Dawes, Cherry, and Sheridan Counties

\*\*\*\*Not including Selected Services



Figures on this page are not adjusted for seasonal changes nor for price changes. Building activity includes the effects of past as well as present building permits, on the theory that not all building is completed in the month the permit is issued. R. L. B.

VI. CITY BUSINESS INDICATORS

Percent of Same Month a Year Ago									
SEP State or City	City Index	Bank Debits	Building Activity	Retail Sales	Electricity Consumed	Gas Consumed	Water Pumped	Postal Receipts	Newspaper Advertising
The State	104.4	99.7	119.0	103.7	101.1	102.5	99.1	119.9	110.6
Beatrice	111.4	102.0	179.0	91.7	105.2	119.9	75.8	118.7	123.7
Omaha	105.9	103.1	106.9	109.6	104.0	100.5	99.1	128.6	123.5
Lincoln	102.5	113.1	81.4	106.5	NA	114.0	97.2	119.3	92.3
Grand Island	111.6	106.9	186.3	108.0	116.9	114.8	112.8	112.0	--
Hastings	101.9	98.0	145.1	109.2	106.8	93.6	67.3	122.4	92.5
Fremont	116.0	102.4	213.5	NA	103.1	NA	112.1	132.9	NA
North Platte	100.9	103.8	72.2	91.9	101.9	106.3	93.1	125.9	104.7
Kearney	109.5	112.5	242.0	106.0	NA	107.2	108.2	106.0	NA
Scottsbluff	111.2	115.4	90.2	91.0	112.7	99.7	133.2	136.3	116.9
Norfolk	105.4	95.0	224.3	92.8	NA	108.2	91.0	113.0	120.0
Columbus	107.8	114.2	NA	101.8	NA	103.1	106.3	107.7	119.9
McCook	108.6	114.6	172.0	102.7	108.5	92.0	NA	140.5	95.8
Sidney	91.2	NA	20.5	101.2	91.8	103.3	68.5	118.9	NA
Alliance	104.0	99.7	64.1	99.8	101.5	106.2	134.4	127.7	108.6
Nebraska City	100.9	102.1	28.7	96.8	111.2	101.4	100.9	99.3	NA
So. Sioux City	114.4	115.5	124.3	82.7	135.5	96.6	NA	121.3	NA
York	111.4	118.2	119.9	96.0	NA	92.1	91.4	150.7	122.7
Falls City	92.5	94.1	60.7	93.0	91.7	91.2	82.5	137.4	119.7
Fairbury	108.0	95.0	157.8	112.7	110.5	NA	97.2	100.7	119.7
Holdrege	98.5	98.5	98.7	88.9	108.0	97.8	76.7	117.0	99.1
Chadron	106.1	139.0	87.5	104.4	105.0	109.0	119.9	91.7	NA
Broken Bow	108.4	113.5	332.7	93.7	107.6	94.4	86.5	141.7	117.9

Percent of Preceding Month (Unadjusted)									
SEP State or City	City Index	Bank Debits	Building Activity	Retail Sales	Electricity Consumed	Gas Consumed	Water Pumped	Postal Receipts	Newspaper Advertising
The State	96.9	97.7	98.9	95.1	77.2	95.8	74.9	116.6	106.8
Beatrice	100.2	108.8	104.8	84.0	73.7	128.8	78.9	104.0	107.9
Omaha	98.4	94.5	112.4	99.8	74.3	90.5	81.8	120.8	108.8
Lincoln	100.7	NA	94.6	101.0	NA	100.7	76.9	136.5	106.6
Grand Island	93.8	101.2	92.0	88.2	70.2	108.0	80.3	102.9	--
Hastings	92.4	89.5	88.1	88.2	72.1	116.8	48.2	104.0	111.3
Fremont	93.0	94.7	99.9	NA	84.5	NA	58.7	113.0	NA
North Platte	96.8	103.8	96.7	90.2	94.7	106.5	63.2	91.9	104.3
Kearney	93.1	99.3	78.9	90.4	NA	103.7	75.6	105.5	NA
Scottsbluff	100.2	92.9	86.4	92.1	107.3	124.5	83.3	108.3	116.5
Norfolk	95.1	88.6	104.4	84.9	NA	111.0	77.0	92.7	104.0
Columbus	96.1	91.2	85.5	101.4	NA	99.8	57.3	97.4	101.5
McCook	100.6	106.2	90.9	82.5	91.5	145.2	NA	125.1	104.2
Sidney	88.2	96.4	57.8	87.8	80.3	120.9	66.5	116.2	NA
Alliance	104.4	121.1	94.4	89.6	105.6	125.5	96.6	158.4	89.5
Nebraska City	95.3	106.7	90.7	97.1	92.0	100.7	89.3	96.7	NA
So. Sioux City	92.3	105.2	84.2	90.7	80.6	96.1	NA	98.1	NA
York	110.2	107.8	115.4	93.3	NA	107.5	79.7	129.7	129.1
Falls City	95.4	101.4	98.5	102.5	66.5	77.6	79.2	133.3	125.1
Fairbury	92.5	92.3	83.6	112.2	75.1	NA	74.1	101.5	113.2
Holdrege	93.2	109.4	82.6	90.5	74.6	104.0	77.3	95.7	109.5
Chadron	94.5	156.5	78.4	86.3	93.4	130.4	62.2	103.9	NA
Broken Bow	96.1	91.0	88.6	87.5	87.2	144.1	59.8	143.9	117.1



ed from first page) Hastings. Within two weeks after production was resumed and the attractively boxed Tri-M gs were moving out to distribution points as usual.

m is now processing in a completely modern plant on the ge of Grand Island, employing the most modern control gy to assure an excellent, standardized product, and al- king ways to improve quality. Mr. Peterson has stressed f product and from the first has imbued his employees idea that "We don't have to produce the most - just the

l to rapid production and delivery, Delicious Foods can et the finished product shipped and delivered to its desti- thin two days. The destination may be anywhere in the ates, the product being sold both direct and from ware- oughout the country, with a considerable share of total n marketed to institutional users.

is nothing seasonal about operations at Delicious Foods at the source of procurement of Grade A onions depends ver place onions are in season at a given time of year, er is there anything seasonal about demand for the prod- h has a year-round appeal.

a booster for Nebraska agriculture and industry, Mr. t says: "Nebraska has good soil for onions and we have t the Platte River Valley can produce onions of better an those raised in some states that now produce them in ater quantities. There is no reason why we should have t onions from distant states to be processed here, when excellent soil and climatic conditions for production of ity onions."

sterson has worked with members of the University of a Department of Horticulture and Forestry in meeting raska farmers to encourage them to raise onions. As a iversal farmers in the Alda, Wood River, Newman Grove, ek, Hershey, Alliance, and Scottsbluff areas have started n of this crop. Farmers have been asked to start out on imental basis with small acreages, "learning as they They are not advised to increase acreages until they have amiliar with the techniques of onion production.

rative dollar yields per acre have been cited, based on -prices, showing that onions will return \$151 per acre ower; sugar beets, \$118; dry beans, \$74; and corn, \$58. these comparative returns would appear to be somewhat e, depending upon a number of variables, the evidence ear that there is money in onions in Nebraska, both for er and for the processor.

#### Not the Size of the Town That Counts

its of truth in the old saying that "It isn't the size of the counts but the size of the people in it," is attested by the the size of the town in which an industry is located has o do with the success of the enterprise if the idea for the luct is sufficiently innovative and if business sagacity sed. Such innovative industries sometimes have their n strange settings and unusual situations as did the Rex uring Company of Morrill (1960 population, 884) which inflatable rubber goose and duck decoys. The company, d and managed by Richard Barrett, had its origin when xius became tired of crouching in a goose blind for hours only to have a flock of geese approach, become wary, turn away because they had been fooled not at all by his f decoys.

When Mr. Rexius found that other hunters were having the sa trouble, he concluded that to get a goose you must first ha good decoy. After several years of experimentation in an att to make a lifelike product, he had by 1951 developed an origi mold from which he produced a dozen hollow-rubber inflata decoys for his own use. When other hunters discovered that was the only one up and down the line who was getting any gee they began wanting to know where they could buy decoys like l Ultimately yielding to their demands, he opened in 1956 a sr plant in Morrill in partnership with Paul Covington and W. Schultz. The firm decided to build up a stock of 500 decoys fore putting them on the market, which proved to be a wise p caution because the immediate demand far exceeded expectatio

Soon Mr. Rexius was forced to further experimentation as hu ers began demanding similarly lifelike duck decoys. His expe ments were tedious but persistent, and eventually the manuf turing plant began producing both duck and goose decoys. Acco ing to the present owner of the factory, it is the lifelike appea ance of the product that is responsible for the success of the fi which now has a sales volume of 2,500 decoys a year. It t about five years for the enterprise to become profitable, but decoys are now sold throughout the United States and Canada i in many other foreign countries. Through use of part-time wo ers when employment is seasonal, the firm has had no proble with respect to obtaining competent help.

Another industry which proves that it isn't the size of the to that counts, is the Olson Manufacturing Company located at Bru a town which had only 370 inhabitants when the 1960 Census v taken. Carleton Olson, manager of the family-owned firm, v a farmer in the Brule community when he recognized the n for a small metal-cutting band saw. He experimented in his fa workshop and finally developed a model which satisfied his nee He then made 10 of the units and when these sold quickly, p: duced another 50. As demand for the product grew, it beca apparent by 1964 that larger facilities were needed. Mr. Ol: decided to move his operations from the farm location and bu a modern new manufacturing plant in the town of Brule.

Business has expanded steadily since the new plant was ope: in January, 1964, and the firm is now producing 90 units per mo on a year-round basis. There are now five full-time and f part-time employees. Because the band saw is suited for use farms, shops, garages, industries, and schools, demand has come not only nationwide, but has developed in Canada, as w

From his experience, Mr. Olson has an encouraging word anyone who can come up with a new product which will save la and time, for he has found that such products are highly salea: He believes that there are many such products yet to be produ for the market, for there seems to be no saturation point if a bor-saving device fills a previously unmet need, and is a h quality product that will stand up well when put to extensive u

#### A Family Success Story

Nebraska industrial development owes much to the contribut made by immigrants to this country; to persons such as Swan I son, who came here from Sweden and in 1908 established the l braska Artificial Stone Company, now the Larson Cement St Company, at a location under the "L" Street viaduct on 28th Str in Omaha. Mr. Larson began making cement blocks in hand-n machines. The blocks were sprinkled with water and "sun-ki cured, with production being from 200 blocks a day on up. W the founder's son Clifford joined the firm in 1918, they began m

ing concrete blocks in a modified mechanized manner.

Clifford Larson took over the enterprise in 1929, the name changed to Larson Cement Stone Company, the present name, that time production had reached the capacity of a thousand a day. The oldest production records available show that the plant turned out 50,000 blocks, and by 1955 production jumped to one and one-quarter million.

As of the company as a family enterprise was continued when C. Larson, one of the present owners, joined the firm in 1958. As a graduate electrical engineer with a degree from the University of Oklahoma, he brought considerable technical knowledge as well as business acumen to the company. He became a partner in the mid-1950's, and his brother, Barry L., the other partner owner, who has a degree in civil engineering from the University of Nebraska, joined the firm in 1958 and became a partner shortly after the death of their father, Clifford Larson, in 1957.

In 1963, organizational structure of the enterprise was changed from a partnership to two separate corporations, one of which retained the name of the partnership; the other was called the Watley-Barnes Cement Company. In 1967, the owners of the two corporations, Clifford and Barry Larson, ventured with a third party to establish a new Nebraska corporation, Great Plains International. The purpose of this corporation is to establish cement block plants in other states other than the United States; at the present time it has a plant operating in Zaragoza, Spain, under the name Largo-Cem, S.A. This firm is engaged primarily in the manufacture and retailing of concrete blocks and related precast concrete products. It is an entirely new company, "built from scratch," and is the only company of its type in Zaragoza, which is a city about the size of Omaha.

At the present time, Larson Cement Stone Company is manufacturing and retailing approximately two million blocks per year with an annual gross sales of \$755,000. The blocks manufactured in the Omaha plant are marketed generally within a 50-mile radius of Omaha, while the products manufactured in Spain are being sold within a 200-mile radius. Both plants operate on a full-time basis. The Omaha plant with 16 employees and the Zaragoza plant with 10. Employment is not seasonal.

Clifford Larson says that since he and his brother have a factory in Nebraska and one abroad, it would take a book to discuss all the problems they have had in each place. He suggests that as the situation is unique, no generalizations can be made by way of comparison to would-be industrialists. It is apparent, however, that the technical knowledge and experience, business acumen, and conservative policies of three generations of Larsons give some of the reasons for their operational success in industry.

#### Product Search Yields Returns

One of the ways that a systematic product search for an item with growth possibilities can result in business success is the case of the Ag-Tronic, Inc. manufacturing company of Hastings which produces the bright orange reflectorized triangles (SMV) that warn of slow moving vehicles ahead and the similar emblems (Deltalert) that warn of danger on the highway. This industrial firm is the result of a deliberate attempt by two brothers, both graduate engineers, to find a product with promise whose initial production would be within their financial capacity.

Orin Watley, president, and Dale Watley, vice president, of Ag-Tronic, Inc. went into business in 1965 when they purchased a manufacturing plant in Hastings. They had decided to pro-

duce the SMV emblem which had been declared in the public domain after having been developed at Ohio State University. The brothers applied their engineering ability to the development of procedures enabling them to manufacture the emblem from start to finish and were the first to do so.

Determined from the outset to produce a sturdy and superior product, the Watleys decided to use a heavy galvanized steel backing for the emblem and to make sure that the reflectorized symbol would be visible day or night for at least a quarter-mile distance. Quality paid off, for from the time Ag-Tronic's symbol went on the market in September, 1965, growth of the firm has been dramatic. Building expansion soon became necessary as aggressive sales promotion resulted in accelerated demand for the original product, and as new product lines were added. One of the most important products is an emblem approved by the Department of Transportation, Deltalert, a reflectorized emblem based on the same principle as SMV but designed for use on the roads to warn of a disabled vehicle. Other vehicular safety devices include flashing lights to warn of slow moving vehicles, safety lock hitch pins, and pick-up tow bars for vehicles that need to be towed at slow speeds. Other products include earth anchors and electric water level controls.

Orin Watley, a graduate of the University of Nebraska, and Dale, a graduate of Oklahoma State University, have found that technical skill is coupled with prompt service to customers and progressive marketing practices, success may be achieved. In the first year of operation, the company had a payroll of 10 employees, in the first year of operation, the company has grown to 65 regular employees and as many as 80 in the summer rush period. Last year the company expanded into Canada, where a plant was opened at Winnipeg. Demand for the products in Canada has already necessitated expansion of the original production area in the Winnipeg plant.

#### Supplying Athletic Needs Is Big Business

Athletic and recreational events figure prominently in modern life, and with the prediction of increasingly shorter work weeks and proportionately more leisure time, the outlook is good for manufacturers of recreational equipment. The Safe-Play Manufacturing Co., Inc. at Sidney is a relatively new industry which has already begun to take advantage of this market opportunity. Thomas D. Barnes, the owner and manager, started the firm on June 9, 1963, as a one-man company. He filled the orders from his garage and went on the road making sales himself. In the first year, sales reached several thousand dollars and that year was actually more profitable than the next three because in those years it was necessary to make a sizeable investment in dyes and equipment.

The company's current catalog index shows a complete line of football equipment, track starter's sleeves and other track equipment, "pinnie's vests" made especially for girls' physical education classes, and such items as sportsmen's sling shots. The company buys raw materials from factories throughout the country and markets its products through factory representatives and company salesmen. Distribution is nationwide, and the company also has a number of foreign outlets. The factory has 11 full-time and 5 part-time employees on a year-round basis. The owner reports that help is plentiful and that the company has been heartily accepted by the Sidney community.

By way of advice to others who may be interested in starting a new enterprise, Mr. Barnes suggests that "It is important not only to know your own products, but also those of your com-

ers in order to make improvements in your products. When we know that you are producing the best possible items, you will have confidence in them and can generate fully warranted enthusiasm for your products." He suggests that this means a great deal in employee performance, for production workers have an incentive to outstanding performance if they feel they are identified with a superior product.

#### Opportunities in By-Products

Often overlooked are the agri-business industries which are based on agricultural by-products and which make a significant contribution to the economy of the state. Examination of business records and of Nebraska export figures reveals that the state's rendering plants and related industries, for example, constitute an important segment of business. The Norfolk Rendering Works, a firm which has been in operation since 1936, and the more recently organized associated industry, CET Enterprises, provide examples. Products of the associated firms include hides, animal protein, tallow and other animal fats, meat scraps, and inedible lean red meat. Products are marketed throughout this country, and considerable quantities are sold to Japan and to the countries of Western Europe. The firms provide full-time employment 23 and part-time work for 5 persons the year around.

When Gerald D. Mohmsten and Don H. Weihe first established their firm, they called it the Elkhorn Rendering Company but the name was later changed to identify the company more closely with its location, as the business expanded and provided a market for farmers and locker plants within an ever-increasing radius of Norfolk. Thomas and Carl Weihe, sons of one of the founders, grew up in the business and ultimately established CET Enterprises to handle the inedible meat division. Thomas Weihe is now president of both companies. The development of these firms indicates that homegrown industries based on animal by-products can compete successfully with large national firms which tend to dominate the field.

#### Conclusion

Because successful homegrown industries which have interesting histories are numerous in this state, it is difficult to make an arbitrary selection of firms to cite as examples of those in which Nebraskans have used their creativity, initiative, and business acumen in the origination of new enterprises. For each establishment mentioned there are dozens which similarly had interesting beginnings and have developed into thriving businesses. In this series of articles the objective has been to show by specific illustrations which represent industries of diverse size, products, and location that Nebraska continues to offer opportunities for industrial innovation, development, and expansion. To whatever extent individuals are encouraged to take advantage of these propitious conditions, to that extent the future economic growth of the state will be stimulated.

DOROTHY SWITZER

## REVIEW

The Supermarket - An Analysis of Growth, Development, and Change by Rom J. Markin, Washington State University Press, Pullman, Wash., Bulletin No. 43, Revised Edition, 1968. Paperback, \$6.00.

The future of supermarkets in the 70's will have long-run consequences affecting also the smaller hardware, variety, and junior department stores, according to Professor Markin, who is an Associate Professor of Business Administration at Washington State University. Although he predicts that the supermarket will

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remain the dominant retail food institution throughout the next decade in spite of some competitive inroads, he makes the somewhat contradictory statement that there are some strong forces at work which could completely unsettle the entire supermarket industry.

Notable challengers of supermarkets are the discount food merchandisers, the case-lot merchants, and the drive-in markets. It appears that supermarket managers are finding the greatest competition from the discount stores and that the methods of these discount merchants are likely to alter conventional supermarket strategies and techniques considerably.

Professor Markin predicts that when the supermarket attempts to recoup volume from discount stores by "robbing" other retail lines, much of their nonfood activities will center around "in-and-out promotions," such as featuring general merchandise lines on a "one-shot" basis or promoting highly seasonal goods, such as trees, shrubs, and other nursery items, garden supplies, seasonal hardware, and other lines for short periods each year. He expects supermarkets to continue to explore opportunities for raiding merchandise lines in soft-goods categories, high-demand small appliances, and any other lines that lend themselves to supermarket selling techniques. Therefore, the longer-run consequences are significant to smaller variety, general merchandise, and hardware stores which are frequently higher margin operations and can ill afford significant losses of volume. This condition will tend to increase the generally higher mortality rate of small retailers and the ratio of credit losses.

The study shows that much excess capacity exists in the retail supermarket field, which results in many of the same conditions as excess capacity in manufacturing enterprise: lower productivity, reduced efficiency, and something less than optimum performance. Thus as the discount food stores add to an already bloated capacity situation and drain off additional volume from their conventional competitors, the result must logically lead to continuing shrinkage of supermarket profit margins and an accelerated mortality rate for marginal supermarket firms.

In attempting to solve the extremely critical problem of constantly rising operating expense ratios and the consequently increased gross margins, supermarket managers are looking in two directions: (1) increasing attention is given to controlling expenses through use of labor-saving capital equipment and by adopting generally more scientific devices in supermarket operation, and (2) constant experimentation goes on with various elements of the merchandising mix.

D. S.